

TESTIMONY FOR SENATOR BOB BENNETT

SENATE COMMITTEE ON THE BUDGET HEALTHY AMERICANS ACT

June 26, 2007

I would like to thank Chairman Conrad for holding this hearing and for taking a leadership role in focusing the Congress' attention on meaningful health care reform. I would especially like to thank my colleague, and fellow panelist, Senator Wyden, for his leadership, vision and passion for health care reform.

I believe the Congress needs to address health care reform in this session and not put it off for future Congresses. And, more importantly, I believe that it can. I believe that when our conversation starts with what we can agree on - where we can find consensus – we will find the common ground necessary to pass comprehensive health care reform. Because of these beliefs, I have joined with Senator Wyden in cosponsoring the Healthy Americans Act.

This Congress is uniquely situated in history. For the first time since Dwight Eisenhower's election, there isn't an incumbent in the White House running for the White House, neither a sitting president nor a sitting vice president. Democrats controlling Congress have a political motive to accomplish big things and Republicans cannot try to take credit for their candidate because they don't have a candidate who is part of the current administration. Because of the rare circumstances of this political setting, now is an ideal time for Congress to pass comprehensive health care reform.

First we have to establish some principles we can agree on: tax reform, portability, individual access, incentives for healthy behavior and market forces. The Healthy Americans Act embodies these five basic tenets of reform. Although the Healthy Americans Act may not be a perfect bill, I believe it is a perfect jumpstart to a meaningful dialogue about the core principles necessary for health care reform that will ultimately drive down the cost, while increasing quality, of health care.

TAX REFORM

We can all agree that the rate of growth in health care spending in our country is unsustainable. In the last 45 years in the United States, health care as part of gross domestic product (GDP) has more than tripled to 16 percent, and it is on a steady climb upward. Other countries have a much smaller rate of growth and percentage of GDP devoted to health care with drastically lower numbers of uninsured.

As the amount of money spent per capita rises, out-of-pocket expenditures of after tax dollars by individuals are decreasing, which means that Americans have little or no knowledge of how much their health care costs or how their health care dollars are being spent, since they don't control those dollars.

It is the employers who are spending their employees' money. The current incentives in the tax code direct dollars away from employee paychecks. By giving employees the right to control those dollars, the Healthy Americans Act will strengthen incentives to shop for lower cost plans as well as improved quality.

PORTABILITY

Because individuals don't receive any tax incentive (financial benefit) for obtaining health care coverage outside the employer setting, they often feel chained to their jobs. Americans should not have to be afraid to change jobs because they fear losing access to health care coverage. It's not good for productivity and it's not good for the rest of our economy. There needs to be portability in the health care system so that individuals will always have their coverage - regardless of where they move. The Healthy Americans Act provides that portability.

INDIVIDUAL ACCESS

Every American should have access to health care, and, in fact, currently they do; it's called the emergency room. That is the most ineffective, inefficient and expensive form of coverage possible. If all Americans have their own individual, portable coverage, the uninsured will no longer engage in over utilization of emergency room visits; health care spending will be more evenly disbursed and drastically reduced. The Healthy Americans Act provides individual access.

HEALTHY BEHAVIOR

Healthy individuals use less health care dollars than unhealthy ones. The record is very clear that when people spend time taking care of themselves, their health care costs go down dramatically. In private industry there are multiple examples of companies that have aggressively pursued keeping their employees healthy and as a result, their health care cost increases are level to inflation.

Healthy behavior incentives are working in other countries around the world. For example, in Switzerland, where only 11 percent of GDP is spent on health care and everyone is required to purchase his own private health plan, competition has led to innovative incentives. Some plans offer lump-sum cash awards for those who stay healthy; others penalize unhealthy habits or behaviors.

People respond to incentives, and if there are incentives for individuals to stay healthy, we will make a significant difference in driving down health care costs. The Healthy Americans Act promotes personal responsibility and prevention by offering discounted premiums for participation in wellness programs and by rewarding providers for helping their patients stay healthy.

MARKET FORCES

When transparency and competition exist, markets work, but markets require transparency on cost and quality to work efficiently. Once the individual is empowered to make choices, he or she will demand such transparency and market forces and competition will enter; as seen in the Swiss model, private sector competition drives down costs and offers innovative solutions.

It all starts with tax reform that empowers the individual. From that, we can get portability, individual access, incentives for healthy behavior, and market forces. The Healthy Americans Act embraces these principles; that health care coverage can be affordable, the uninsured can be covered, and, not insignificantly, our economy will be strengthened.

I hope to work with members of both parties closely on this issue. I am hopeful we can craft reasonable legislation that provides access to health care for all Americans.